

BOSTON REDEVELOPMENT AUTHORITY

FIFTH AMENDMENT TO THE REPORT AND DECISION
ON THE APPLICATION FOR AUTHORIZATION AND
APPROVAL OF JAMAICAWAY TOWER AND TOWNHOUSES
COOPERATIVE HOUSING CORPORATION TO BE
ORGANIZED PURSUANT TO THE PROVISIONS OF
M.G.L. C. 121A AND CHAPTER 652 OF THE ACTS
OF 1960 AS AMENDED AND THE ACQUISITION BY
SUCH CORPORATION OF AN EXISTING 121A PROJECT
PURSUANT TO M.G.L. C. 121A, S.18B AND SECTION
13A OF SAID CHAPTER 652 AND TRANSFER OF THE
JAMAICAWAY TOWER AND TOWNHOUSES PROJECT TO
SUCH CORPORATION PURSUANT TO M.G.L. C.121A,
S.11.

A public hearing was held at 2:00 p.m. on October 11, 1979, and continued to November 1, 1979, in the offices of the Boston Redevelopment Authority (hereinafter called the "Authority"), at City Hall, Room 921, Boston, Massachusetts 02201, by the Authority on an Application Amendment dated July 25, 1979, (hereinafter called the "Application"), filed by Arnold M. Soloway and Edward J. McCormack, Jr. as Trustees of the Jamaicaway Development Trust, for authorization and approval of a redevelopment project under Chapter 121A, S. 18B of the General Laws of the Commonwealth of Massachusetts and Chapter 652 of the Acts of 1960, as amended, (hereinafter called the "Project"), due notice of said hearing having been given previously by publication on October 1, 1979, and October 8, 1979, in the Boston Herald American, a daily newspaper of general circulation published in Boston and by mailing postage prepaid to those persons specified in Rule 4 of the Rules and Regulations of the Authority for securing approval of Chapter 121A projects, and in accordance with the provisions of Section 13 of Chapter 652 of the Acts of 1960, as amended. Robert L. Farrell, Chairman of the Authority, James G. Colbert, Joseph J. Walsh, James K. Flaherty and James E. Cofield, Jr., members of the Authority, were present at the hearing. The Authority has proceeded as if this application were an application for an original approval of the Project.

The Project Amendment

The Project was originally undertaken pursuant to a Report and Decision dated February 27, 1963, and subsequently amended on June 25, 1964, November 10, 1966, January 19, 1967, November 16, 1967, and again by vote of the Authority on May 23, 1968, transferring the corporate assets to the Jamaicaway Development Trust.

The purpose of the present Amendment to the Application is to permit the sale of the Project by its present owners, Jamaicaway Development Trust, to a cooperative housing corporation to be formed which will operate and maintain the Project as a residential housing cooperative rather than as rental housing. Such sale and acquisition will result in new financing arrangements and in a new formula for contractual payments to the City of Boston.

Instead of a pure landlord-tenant relationship, there will now exist a single owner of the Project, the Cooperative, the stock of which will be owned by the tenants of the apartments. Shares of stock will be assigned to each apartment in an amount that bears a reasonable relationship to the portion of the value of the Cooperative's equity in the Project which is attributable to such apartment. The right of a shareholder to occupy his or her residential unit will be evidenced by a Proprietary Lease between the shareholder and the Cooperative. A draft of the Proprietary Lease can be found in the Application. The ancillary commercial space will continue as rental space with the Cooperative as the new landlord.

The Applicants have assigned to each residential unit in the Project a market price. A schedule of such prices can be found in Exhibit I to the Application. Further, the current leasehold tenants of the Project will be allowed a ten per cent (10%) reduction from the market price for each unit.

There will be no change in the boundaries of the project area, or in the number or use of the units, nor will there be any substantial rehabilitation or new construction in the project area.

Financing the Project

The project will be sold to the Cooperative at a price which varies with the percentage of current tenants who purchase shares in the Cooperative. Current tenants received a 10% discount if they purchased before a certain date. That discount is absorbed by the sellers, so that the purchase price could range from \$12,681,600 to \$14,090,667.

The financing plan for the acquisition of the project is set forth in the Application. 20% of the purchase price is paid directly by the tenant-shareholders as payment for their shares. The remainder is financed in part by a mortgage of about \$7.5M with the John Hancock Life Insurance Company and the remainder by a second mortgage of about \$2.6M taken by the Sellers. The interest rate on the Hancock mortgage has a constant of 10.10 and the second mortgage is at 5.26% rising to 7% at year 5, with interest only payable for ten years.

The applicants have determined that the monthly payment by the tenant-shareholders, which will cover debt service as well as operations and maintenance, will be approximately equivalent to the rental payments projected if the conversion to Cooperative were not allowed. In addition, it is likely that about two-thirds of that monthly payment will be deductible to the Tenant-Shareholders under the Internal Revenue Code.

The Cooperative will collect little revenue from third parties. Such revenue will consist of rents for commercial space. Additional revenue will be generated as parking revenue from those Tenant-Shareholders choosing to have on-site parking.

The persons having an interest in the Project are the Applicants, Beneficiaries of the Trust and the Tenant-Shareholders of the Cooperative.

Effect on the City's Revenues

The City has approved a proposed Agreement with the Cooperative under Section 6A which the City believes will produce substantially more revenue than the Project would produce as a rental apartment complex. A copy of that approval is filed with the Application.

Effect of the Amendment

The present project provides 278 units of rental housing the rent levels of which are subsidized by the federally insured loan on the project. The project at present pays the excise required by Section 10 and additionally an amount under Section 6A based on a percentage of gross income, which includes rental and other income with certain specified exclusions.

The new project will provide the same number of units, but the tenants will in effect own the units by purchase of the stock of the Cooperative. The financing of the Project will to a degree be decentralized with the Tenants paying directly for about 20% of the cost. The gross income on which the Section 10 payment is calculated will not longer reflect a return on the equity, since income will be structured so as to meet costs only, nor will it include the costs of maintenance to be assumed directly by the Tenants under the Cooperative organization. The City has satisfied itself with the new Section 6A contract.

The financing of the proposed amendment is practical in that the debt service will be no more onerous to the Tenants than the present rentals, which themselves are at favorable levels. The creation of the Cooperative serves the public interest principally in promoting home ownership among more than 250 individuals and families where there had previously been the far weaker commitment to the City and the neighborhood of only rental occupancy. This solid commitment serves the future stability both of the project and of the neighborhood.

Approval of the Amendment

For the reasons set forth above, after consideration of the matters set forth in the Application and at the public hearing, the Authority hereby approves the undertaking of the applicant under Section 13A of Chapter 652 of the Acts of 1960. The Applicants shall execute a new Regulatory Agreement in accordance with the Regulations of the Authority.

3887

MEMORANDUM

NOVEMBER 8, 1979

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: FIFTH AMENDMENT TO
REPORT AND DECISION ON THE CHAPTER 121A APPLICATION
OF JAMAICAWAY DEVELOPMENT TRUST

On October 11, 1979, and continued on November 1, 1979, the Authority conducted a public hearing with respect to the above-captioned Amendment. The Authority continued the hearing until the Applicant could present evidence of a 6A tax agreement between the City and the owner.

The Amendment seeks to change the ownership of the Project which is presently rental housing to a Cooperative, the tenants owning shares in the Project.

The Staff has examined the Application and found that it contained sufficient evidence in support of the Amendment to permit the Authority to make those findings and determinations necessary to proceed with the approval of the ownership transfer.

It is therefore recommended that pursuant to Chapter 121A of the General Laws, the Authority adopt the Fifth Amendment to the Report and Decision.

An appropriate Vote follows:

VOTED: That the document presented at this meeting entitled "Fifth Amendment To The Report and Decision On The Application For Authorization And Approval of Jamaicaway Tower and Townhouses Cooperative Housing Corporation To Be Organized Pursuant To The Provisions Of M.G.L. C. 121A and Chapter 652 of the Acts of 1960 As Amended And The Acquisition Of Such Corporation Of An Existing 121A Project Pursuant to M.G.L. C. 121A, S.18B and Section 13A Of Said Chapter 652 And Transfer Of The Jamaicaway Tower and Townhouses Project To Such Corporation Pursuant to M.G.L. C. 121A, S.11" be and hereby is approved and adopted.

